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Cabinet Announces Economic Stimulus Package

With opinions on the government's projected expansionary fiscal policies deeply divided, the Suzuki Cabinet announced the adoption of a $7.7 billion economic recovery package. The announcement covered measures to boost public works spending, assist small- and medium-scale businesses, secure stable employment and stimulate investment in the housing industry. Also targeted for assistance are those industries classified as severely depressed, including aluminum and lumber, together with an increase in Export-Import Bank funding to promote industrial plant exports. Taken together, the measures are expected to spur the growth rate from 2.7 percent to 3.4 percent, compared to an earlier government forecast of 5.2 percent, Economic Planning Agency officials said. But Finance Ministry economists, whose reading of the economic indicators is more positive, disagreed with the overall thrust of the package and argued against key items on the grounds that budget deficits were already unacceptably high.

Additional spending on public works is expected to be concentrated on disaster relief efforts by both national and local government bodies. These reconstruction projects are usually budgeted to spend some 30 percent of total funds in the first year, but will instead be authorized to accelerate up to 60 percent of the total budget in first-year allocations.

Trade and Payments Data
(in millions of dollars unless otherwise indicated)

	1980	1981	January-August 1981	January-August 1982	June 1982	July 1982	August 1982
Japan's Balance of Payments							
Trade Balance	$ 2,125	$ 19,967	$11,007	$10,887*	$ 2,437*	$ 2,329*	$ 984*
Exports (f.o.b.)	126,736	149,522	97,379	92,533*	11,669*	11,921*	10,405*
Imports (f.o.b.)	124,611	129,555	86,372	81,646*	9,232*	9,592*	9,421*
Current Account Balance	-10,746	4,770	796	2,824*	1,738*	1,411*	-30*
Long-Term Capital (net)	2,394	-6,449	-4,330	-14,611*	-2,019*	-1,959*	-2,286*
Overall Balance	-8,396	-2,144	-2,325	-7,567	-1,468	-499	-397
International Reserves (end of period)	25,232	28,403	27,660	24,416	25,487	25,669	24,416
Japan's Customs Clearance Trade							
Trade Balance	-10,721	8,741	3,045	3,169*	1,664	1,279	-33*
Exports (f.o.b.)	129,807	152,030	99,225	93,465*	11,735	11,958	10,403*
Cars	16,115	18,445	12,464	12,153*	1,507	1,559*	1,270*
Steel	15,454	16,669	10,603	11,053*	1,538	1,361*	1,219*
Imports (c.i.f.)	140,528	143,290	96,180	90,297*	10,071	10,679	10,437
Crude Oil	52,763	53,343	36,896	31,302*	2,748	3,385*	3,560*
Japan-U.S. Trade							
Trade Balance	6,959	13,312	7,445	7,905*	1,055	1,115*	704*
Exports (f.o.b.)	31,367	38,609	24,345	24,508*	3,142	3,230*	2,705*
Imports (c.i.f.)	24,408	25,297	16,900	16,603*	2,087	2,115*	2,001*
Yen-Dollar Exchange Rate							
Tokyo Spot Market (end of period)	¥203.00	¥219.90	---	---	¥254.00	¥257.50	¥261.70
U.S.-Japan Trade							
Trade Balance	-9,911	-13,789	-10,394	-12,408	-1,289	-1,112	-2,082
Exports (f.a.s.)	20,790	21,823	14,281	13,976	1,828	1,777	1,732
Industrial Supplies	9,501	8,983	5,699	6,141	756	674	733
Food and Feed	5,393	5,896	4,022	3,311	429	429	500
Capital Goods	4,340	4,767	3,177	2,977	356	489	314
Consumer Goods	1,154	1,318	885	919	128	117	114
Imports (f.a.s.)	30,701	37,612	24,675	26,384	3,118	2,888	3,814
Automotive Products	11,436	12,950	8,959	9,014	1,019	1,087	1,266
Industrial Supplies	5,926	7,179	4,607	5,105	616	529	689
Consumer Goods	6,198	8,340	5,318	5,305	622	526	819
Capital Goods	6,555	8,589	5,454	6,459	803	701	983

*Preliminary

Japanese Economic Indicators

(percentage change from year-earlier period unless otherwise indicated)

	1980	1981	January-July 1981	January-July 1982	May 1982	June 1982	July 1982
Discount Rate (end of period)	7.25%	5.5%	6.25%	5.5%	5.5%	5.5%	5.5%
Outstanding Money Supply	8.5%	8.9%	7.9%	9.8%	9.4%	8.8%	9.3%
Industrial Production	7.0%	3.1%	1.4%	2.3%	1.3%	1.3%	1.1%
Manufacturing Operating Rate	0.7%	-4.6%	-6.7%	-1.8%	-1.3%	-2.9%	-3.3%
Number of Bankruptcies	11.6%	-1.5%	2.2%	-3.1%	-5.5%	-1.2%	-3.4%
Residential Construction Starts	-15.0%	-9.2%	-11.3%	-6.2%*	-22.0%	-1.9%	7.8%*
Job Openings to Applications (ratio)	0.75	0.68	0.68	0.62	0.58	0.58	0.58
Nominal Wages	6.3%	5.3%	5.4%	4.7%	4.5%	3.5%	4.7%
Labor Productivity	9.1%	3.5%	2.4%†	2.6%†	1.5%	n.a.	n.a.
Wholesale Prices	17.8%	1.7%	2.0%	2.1%	1.3%	1.1%	1.3%
Consumer Prices	8.0%	4.9%	5.6%	2.6%	2.3%	2.2%	1.7%
Yen-Based Export Prices	9.3%	1.9%	-0.5%	5.1%	2.8%	3.2%	1.8%
Yen-Based Import Prices	43.0%	3.0%	0.4%	7.4%	4.0%	5.2%	5.7%

*Preliminary
†Through May of each year only.

For Japan's most recent GNP figures, see JEI Report No. 36B, September 17, 1982.